

Waystone Management (UK) Limited

DMS FCM Salamanca Global Property Fund 1

Interim Report and Financial Statements

For the interim period 1 June 2018 to 28 February 2019 (unaudited)

DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1
Interim Unaudited Report 28 February 2019

General Information

COMPANY AND HEAD OFFICE

DMS FCM Salamanca Global Property Fund 1
2nd Floor
20-22 Bedford Row
Holborn
London WC1R 4EB
United Kingdom

AUTHORISED CORPORATE DIRECTOR ('ACD')

Waystone Management (UK) Limited *
2nd Floor
20-22 Bedford Row
Holborn
London WC1R 4EB
United Kingdom
(Authorised and regulated by the Financial Conduct Authority)

DIRECTORS OF THE ACD

C. O'Donnell (appointed on 16 December 2019)
T. K. Madigan (appointed on 7 February 2020)
S. P. White (appointed on 7 February 2020)
N. C. White (appointed on 5 March 2020)
A. M. Berry (appointed on 30 April 2020)
R. E. Wheeler (appointed in 12 July 2022)

G.L. Brooks (resigned on 7 February 2020)
C.T. Finch (resigned on 5 March 2020)
B. Primrose (resigned on 5 March 2020)
S. Anderson (resigned on 7 February 2020)
S. Chaudhri (resigned on 7 February 2020)
N. C. White (resigned on 4 September 2020)

INVESTMENT ADVISOR

Salamanca Group Advisors (appointed 11 May 2017)
3 Burlington Gardens
Mayfair
London W1S 3EP
United Kingdom

Previously:

FF & P CM Salamanca LLP
50 Berkeley Street
London W1J 8HA
United Kingdom

REGISTRAR AND TRANSFER AGENT

JTC Fund Solutions (Guernsey) Limited **
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 2HT

INDEPENDENT AUDITOR

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG
(Authorised and regulated by the Financial Conduct Authority)

DEPOSITARY

Citibank Europe Plc, UK Branch
Citigroup Center
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

FUND ACCOUNTANT

JTC Fund Solutions (Guernsey) Limited ***
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 2HT

* Name changed from DMS Investment Management Services (UK) Limited to Waystone Management (UK) Limited effective 22 March 2021.

** JTC Fund Solutions (Guernsey) Limited ceased to act as Registrar and Transfer Agent effective 24 October 2018.

*** JTC Fund Solutions (Guernsey) Limited ceased to act as Fund Accountants effective 16 July 2020.

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Statement of the Authorised Status of the Company

The DMS FCM Salamanca Global Property Fund 1 (the "Company") is an open-ended investment company with variable capital established in the United Kingdom pursuant to an authorisation order of the Financial Conduct Authority (FCA) on 7 June 2005 and is a qualified investor scheme under the terms of the rules contained in Chapter 8 of the Collective Schemes sourcebook published by the FCA as part of their Handbook of rules made under the Financial Services and Markets Act 2000 (the "FCA Rules").

The Company is incorporated with registration number IC000391 and shareholders are not liable for the debts of the Company.

The base currency of the Company is pounds sterling.

The Head Office of the Company is 2nd Floor, 20-22 Bedford Row, Holborn, London WC1R 4EB and this is also the address for service of notices or other documents required or authorised to be served on the Company.

The Company's closure was completed on 18 September 2020. More details are given in the "Post Period End Review" section of the Authorised Corporate Director's report.

Basis of Reporting

These interim consolidated and Company financial statements are for the period from 1 June 2018 to 28 February 2019 and represent the results of the DMS FCM Salamanca Global Property Fund 1 (the "Company") and its subsidiary Baltray S.a.r.l. ("Baltray") with an adjustment to market value (where available) for each of the investments held by Baltray (together, the "Group").

These interim consolidated and Company financial statements have been prepared on a break-up basis as described in Note 21.

Statement of the Authorised Corporate Director's Responsibilities

The Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes sourcebook as issued and amended by the Financial Conduct Authority require the ACD to prepare consolidated financial statements which give a true and fair view of the state of affairs of the Company and of the net revenue and the net capital gains or losses on the property of the Company for that period.

In preparing those consolidated financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice for financial statements of Authorised Funds issued by the Investment Association (previously the Investment Management Association);
- follow generally accepted accounting principles and applicable United Kingdom accounting standards;
- keep proper accounting records, which enable it to demonstrate that the consolidated financial statements as prepared comply with the above requirements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the scheme will continue in operation; and
- make judgments and estimates that are reasonable and prudent.

The ACD is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company, prepared in accordance with the Instrument of Incorporation, the Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes sourcebook. The ACD is also responsible for taking all reasonable steps to prevent and detect fraud and other irregularities.

Director's Statement

The Authorised Corporate Director's Report and interim consolidated and Company financial statements for the period ended 28 February 2019 were signed by the ACD:

Waystone Management (UK) Limited



30 September 2022

DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1

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ACD's Report for the period ended 28 February 2019

Waystone Management (UK) Limited, the Authorised Corporate Director ("ACD"), is pleased to present the ACD's interim report for the period ended 28 February 2019.

Company Information

DMS FCM Salamanca Global Property Fund 1 (the "Company") is an investment company with variable capital under Regulation 12 (Authorisation) of the Open-Ended Investment Companies Regulations 2001 (SI2001/1228).

Waystone Management (UK) Limited, the ACD, is the sole director of the Company.

With effect from 21 July 2014, the ACD has been appointed on behalf of the Company as the legal person responsible for managing the Company in accordance with the AIFM Directive (Alternative Investment Fund Managers Directive 2011/61/EUR of the European Parliament and Council of 8 June 2011 as amended from time to time) and the Alternative Investment Fund Managers regulations 2013.

The Company had no employees during the period ended 28 February 2019.

Shareholders

Shares of the Company have no par value. Under FRS 102, The Financial Reporting Standard ("FRS 102") applicable in the UK and Republic of Ireland and the Statement of Recommended Practice ("SORP") for authorised funds, the shares of the Company are puttable instruments. The net assets attributable to the shares of the Company will at all times equal the net asset value ("NAV") of the Company. Shareholders are not liable for the debts of the Company.

Advisors

The advisors to the Company are listed under the general information page.

DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1 (the "Company")

Investment objective and policy

The Company aimed to achieve capital growth through investment in a diversified portfolio of real estate assets in global emerging economies. Typical assets of the Company included but were not limited to, land, real estate developments, shares, investment properties and joint ventures. The Company invested across a spectrum of property sectors including, but not limited to, residential, retail, commercial, logistics, industrial and leisure. The Company sought to generate capital growth. Income received less expenses was reinvested. This was treated as a distribution for tax purposes.

Review of Investment Activities during the Accounting Period

As at 28 February 2019 the Company held 7.17% of Ecocil in Brazil. The Company's ownership of Ecocil was diluted due to its inability to participate in Ecocil debenture financing. More details are given in the "Post Period End Review" section of the Authorised Corporate Director's report.

ACD's Report continued

Post period end review

Winding-up

Shareholders will be aware that the Company is predominantly invested in a residential developer called Ecocil Incorporações S.A. ("Ecocil"). This company operates in Natal, Brazil, and is generally considered to be one of Brazil's best residential developers. However, shareholders may also be aware of the material political and economic headwinds experienced throughout Brazil which in recent years have impacted the Brazilian currency and the value of the Company's holding in Ecocil. Despite some excellent management by Ecocil in difficult recessionary conditions, from the advice received, the ACD believes it will still be a number of years before there is a sustained recovery in the Brazilian economy sufficient to optimise any exit of the Company's holding in Ecocil.

In such circumstances the ACD would normally wait for a sustained recovery in the market. However, given the Company's small minority shareholding in Ecocil and the length of time that will be required to dispose of this remaining asset in Brazil as well as the Company's relatively low liquidity coupled with the ongoing cost structure of both the Company and its sub structures (relative to its size), the ACD has, in consultation with Investment Advisor, been reviewing the future of the Company. With the input of Investment Advisor, and only after consultation with the Company's Depositary, the ACD has concluded that once other minority investments Premier Four AD and Salokin Ltd are fully exited, it would be no longer in shareholders' best interests for the Company to remain in operation. This conclusion follows extensive consideration of alternative options for the Company, including its merger to a more appropriate vehicle to hold the Ecocil investment, but unfortunately, no such option has proved workable for all investors.

In the letter issued on 21 September 2018, the ACD informed shareholders of its decision to commence the winding-up of the Company as well as to change the annual accounting period end from 31 May 2019 to 30 November 2019 subject to the completion of the required regulatory process with the FCA. The extension of the accounting period end was requested to combine the usual annual audit with the required winding-up audit of the Company.

The letter to the Institutional Class shareholders has also noted that, where the shareholders requested and the ACD agreed, the ACD would distribute in-specie the remaining investment in Ecocil including any residual cash during the Company's winding-up process. Should any of the Institutional Class shareholders decide not to take up the in-specie distribution proposal, the ACD would dispose of their proportionate holding in Ecocil.

The Class B shareholders were notified in the letter that before the commencement of the Company's winding-up the Class B shares will be closed and as a result the holdings in the Class B shares will be redeemed in full. The closure of the Class B share class was completed on 24 October 2018.

The FCA authorised the ACD to commence the winding-up of the Company with effect from 25 October 2018. The Company's prospectus was subsequently updated to reflect its winding-up state as well as to note the change to the accounting period end.

ACD's Report continued

Ecocil 5-Year Strategy Plan

All Ecocil investors have approved the 5-year strategy plan that was proposed by the Investment Advisor and Ecocil management to strengthen the company and ensure its future sustainability and growth. The plan included the proposal for the restructure of the company's debt arrangements and thus sought to raise USD 10m from Ecocil investors by offering a subscription to a debenture with Ecocil warrants attached. Following presentation of the 5-year strategy plan, selected Ecocil investors took up their rights to participate in debenture financing but the Company could not participate due to insufficient liquidity available resulting in a dilution to the Company's shareholding in Ecocil. Therefore, with effect from 13 November 2018 the Company's ownership in Ecocil is 7.17%.

RG Salamanca FIP I Closure

The changes to the Brazilian tax regulation laws that came into effect from 2017 meant that investors would no longer enjoy the reduced withholding tax rate benefits by investing in Ecocil via the FIP funds, i.e. the capital gains on investment value will now be subject to withholding tax with or without the FIP fund in place. The Investment Advisor had therefore initiated the streamlining of the Company's investment into Ecocil by removing the FIP from the sub structure of the Company – an exercise which was completed on 9 March 2018. The closure of the FIP meant that the investment in Ecocil was now held by the Company directly.

Salokin Ltd Rental Guarantees Distribution / Exit from Salokin Ltd

On 8 March 2018, the Company received the last payment of EUR 66,500 in relation to the release of the remaining rental guarantees retention monies pertaining to the sale of Jasna property. As no further investment projects were to be pursued, it was decided by the company's management to close Salokin and Jasna down. The residual cash currently available at both Salokin and Jasna will be used up to settle the companies' outstanding tax liabilities as well as to cover their closure costs. No further distributions are therefore expected to be made to the investors from Salokin or Jasna. The Company's holding in the investment is therefore valued at nil in these financial statements.

A combination of Salokin and Jasna upcoming closures, no further distributions due to the Company as well as the need to close the Company down as soon as possible has led the ACD to take the decision to exit the investment in Salokin. This took place on 5 March 2020 when the Company transferred its shareholding to Mermaid (MCI) Capital Investments Limited.

Premier Four AD Disposal

The Company's investment in Premier Four AD was sold for EUR 275,000 on 13 September 2018.

Baltray Sarl Closure

The Company's subsidiary Baltray Sarl was closed on 21 December 2018. Before the subsidiary's closure was completed, on 14 November 2018, the shareholding held by Baltray Sarl in the remaining Ecocil and Salokin investments was transferred to the Company. This transfer was arranged against the repayment of the remaining intercompany loans and the interest accrued on them. The residual balance of the intercompany loans and the interest accrued on them remaining after the transfer of shareholding in Ecocil and Salokin to the Company was converted to Baltray Sarl share premium account.

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ACD's Report continued

Ecocil In-specie Distribution into a Jersey Private Fund

The Investment Advisor has identified and launched a vehicle, a limited partnership in the form of a Jersey Private Fund, that is able to hold Ecocil shares for the Company's shareholders as well as for other external Ecocil investors opting for the in-specie distribution of Ecocil shares for a period of years at much reduced cost.

The first and the second in-specie transfers to the Jersey Private Fund involving the move of the other external investors in Ecocil were completed on 18 March 2019 and 15 October 2019, respectively.

The Company shareholders' in-specie transfer, who opted in for the in-specie distribution, was completed on 25 February 2020. The three remaining shareholders in the Company exited the Company by way of a shareholding transfer on 11 September 2020. The Company's last investor, who their shareholding was transferred to, opted for an in-specie transfer to the Jersey Private Fund on 18 September 2020 marking the completion of the Company's closure.

Name Change

Host Capital Limited, the Authorised Corporate Director of the Company, was acquired by DMS Governance in August 2019, and as such has changed its name to DMS Investment Management Services (UK) Limited with effect from 7 February 2020 ("the Effective Date"). In order to ensure consistency with the change of name of the ACD, the name of the Company has also changed to DMS FCM Salamanca Global Property Fund 1 from the effective date.

The ACD has gone through a further rebrand that has resulted in its name changing to Waystone Management (UK) Limited on 22 March 2021. Given the Company's imminent closure, it was decided not to change its name this time.

Registered Office and Web-site Change

The registered office of the ACD and the Company has changed to 2nd Floor, 20-22 Bedford Row, Holborn, London, WC1R 4EB, United Kingdom from the effective date.

The information in respect of the ACD and the Company that was previously available at www.hostcapital.com will be now available at www.waystone.com.

The ACD Directors Change

C. O'Donnell appointed on 16 December 2019; T. K. Madigan appointed on 7 February 2020; S. P. White appointed on 7 February 2020; N. C. White appointed on 5 March 2020; A. M. Berry appointed on 30 April 2020; R. E. Wheeler appointed on 12 July 2022. S. Anderson resigned on 7 February 2020; G. L. Brooks resigned on 7 February 2020; S. Chaudhri resigned on 7 February 2020; B. Primrose resigned on 5 March 2020; C. T. Finch resigned on 5 March 2020; N. C. White resigned on 4 September 2020.

Data Protection

General Data Protection Regulation came into force on 25 May 2018, and the ACD has clarified personal data protection policies and has been implementing appropriated organisational and security measures. The Data Protection and Privacy Policies can be viewed on the ACD's website www.waystone.com.

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Portfolio Statement for the period ended 28 February 2019

	Open Market Value	% of Total Net Assets
	£000	%
Investments in property development companies:		
Ecocil Incorporações S.A.	3,536	99.60%
Salokin Ltd.	-	-
Premier Four AD	-	-
Portfolio of Investments	3,536	99.60%
Net other assets	14	0.40%
Total net assets	3,550	100.00%

Investment	% Interest
Ecocil Incorporações S.A. ("Ecocil") a Brazilian property development company*	7.17%

*The Company's interest in Ecocil was held through Baltray S.a.r.l.'s 26.98% investment in RG Salamanca FIP 1 (Brazil). RG Salamanca FIP 1 (Brazil) owned 34.3% of Ecocil, therefore creating an indirect interest of the Company in Ecocil of 9.27%. The closure of RG Salamanca FIP 1 (Brazil) on 9 March 2018 resulted in the investment in Ecocil being held directly by the Company.

With effect from 13 November 2018, the Company's direct interest in Ecocil is 7.17%. The Company's shareholding in Ecocil was diluted as a result of the Company's inability to participate in Ecocil's debenture financing due to insufficient liquidity available.

The Ecocil valuation included in these financial statements is based on the valuation as at 31 May 2018. This was the most up to date valuation available at the time of preparation.

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Comparative Table

Changes in net asset per share

Period ended	Institutional	Institutional B*	Standard B*	Institutional	Standard B*
28 February 2019	GBP	GBP	GBP	EUR	EUR
Reporting currency	GBP	GBP	GBP	GBP	GBP
Opening net asset value per share	43.31	-	-	51.60	-
Return before operating charges ¹	(0.26)	-	-	(0.31)	-
Operating charges ²	(1.64)	-	-	(1.95)	-
Return after operating charges ³	(1.90)	-	-	(2.27)	-
Closing net asset value per share⁴	41.41	-	-	49.33	-
*After direct transaction cost of ⁵	0.00	-	-	0.00	-
Performance					
Return after charges ⁶	-4.39%	-	-	-4.39%	-
Other information					
Closing net asset value	51,759.86	-	-	3,498,228.84	-
Closing number of shares	125,000.00	-	-	7,090,978.62	-
Operating Charges (%) ⁷	2.62%	-	-	2.62%	-
Direct transaction cost (%) ⁸	0.00%	-	-	0.00%	-
Prices					
Highest share price ⁹	60.92	-	-	72.59	-
Lowest share price ⁹	51.56	-	-	61.43	-

*The share classes redeemed on 24 October 2018.

Notes

1. Calculated as the "Return after operating charges" plus "operating charges".
2. The Operating Charges show the relevant operating expenses for the reporting period, excluding performance fees, expressed by reference to the average number of shares in issue during the period.
3. Calculated as the "closing net asset value per share" minus the "opening net asset value per share".
4. The net asset value per share is different to the published net asset value at 12 noon as a result of additional values which may not have been known, and therefore only estimated at the last pricing point of the period.
5. Total direct transaction costs of purchasing and selling an investment asset expressed by reference to the average of the number of shares in issue at each valuation point during the period. The impact of transaction cost related to the selling of an investment asset was not reduced by dilution levy charged to the redeeming investors where applicable.
6. Calculated as the "return after operating charges" per share divided by the "opening net asset value per share."
7. The Operating Charges show the relevant annualised operating expenses for the reporting period as a single percentage of the average net asset value over the same period and are indicative of costs that are applied on an ongoing basis.
8. The Transaction Charges show the relevant cost of purchasing and selling an investment asset for the reporting period as a single percentage of the average net asset value over the same period. The impact of transaction cost related to the selling of an investment asset was not reduced by dilution levy charged to the redeeming investors where applicable.
9. The highest and lowest price from the published Net Asset Value.

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Comparative Table continued

Changes in net asset per share

Year ended	Institutional	Institutional B	Standard B	Institutional	Standard B
31 May 2017	GBP	GBP	GBP	EUR	EUR
Reporting currency	GBP	GBP	GBP	GBP	GBP
Opening net asset value per share	71.67	40.43	44.25	85.32	31.29
Return before operating charges ¹	(11.02)	(6.24)	(6.83)	(13.12)	(4.99)
Operating charges ²	(4.99)	(2.82)	(3.08)	(5.94)	(2.25)
Return after operating charges ³	(16.01)	(9.07)	(9.91)	(19.06)	(7.24)
Closing net asset value per share⁴	55.66	31.36	34.33	66.26	25.05
*After direct transaction cost of ⁵	-	-	-	-	-
Performance					
Return after charges ⁶	(22.34%)	(22.43%)	(22.42%)	(22.34%)	(22.42%)
Other information					
Closing net asset value	69,571	2,639	21,057	4,698,311	3,099
Closing number of shares	125,000.00	8,414.96	61,322.32	7,090,978.62	12,370.30
Operating Charges (%) ⁷	5.77%	5.77%	5.77%	5.77%	5.77%
Direct transaction cost (%) ⁸	0.00%	0.00%	0.00%	0.00%	0.00%
Prices					
Highest share price ⁹	96.57	54.48	59.63	114.96	43.51
Lowest share price ⁹	79.02	44.58	48.80	94.07	35.60

Notes

1. Calculated as the "Return after operating charges" plus "operating charges".
2. The Operating Charges show the relevant operating expenses for the reporting period, excluding performance fees, expressed by reference to the average number of shares in issue during the period.
3. Calculated as the "closing net asset value per share" minus the "opening net asset value per share".
4. The net asset value per share is different to the published net asset value at 12 noon as a result of additional values which may not have been known, and therefore only estimated at the last pricing point of the period.
5. Total direct transaction costs of purchasing and selling an investment asset expressed by reference to the average of the number of shares in issue at each valuation point during the period. The impact of transaction cost related to the selling of an investment asset was not reduced by dilution levy charged to the redeeming investors where applicable.
6. Calculated as the "return after operating charges" per share divided by the "opening net asset value per share."
7. The Operating Charges show the relevant annualised operating expenses for the reporting period as a single percentage of the average net asset value over the same period and are indicative of costs that are applied on an ongoing basis.
8. The Transaction Charges show the relevant cost of purchasing and selling an investment asset for the reporting period as a single percentage of the average net asset value over the same period. The impact of transaction cost related to the selling of an investment asset was not reduced by dilution levy charged to the redeeming investors where applicable.
9. The highest and lowest price from the published Net Asset Value.

DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1
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Comparative Table continued

Changes in net asset per share

Year ended	Institutional	Institutional B	Standard B	Institutional	Standard B
31 May 2016	GBP	GBP	GBP	EUR	EUR
Reporting currency	GBP	GBP	GBP	GBP	GBP
Opening net asset value per share	97.81	55.23	60.45	116.44	44.02
Return before operating charges ¹	(21.37)	(12.11)	(13.24)	(25.44)	(9.57)
Operating charges ²	(4.77)	(2.69)	(2.96)	(5.68)	(2.16)
Return after operating charges ³	(26.14)	(14.80)	(16.20)	(31.12)	(11.73)
Closing net asset value per share⁴	71.67	40.43	44.25	85.32	32.29
*After direct transaction cost of ⁵	-	-	-	-	-
Performance					
Return after charges ⁶	(26.73%)	(26.79%)	(26.79%)	(26.73%)	(26.62%)
Other information					
Closing net asset value	89,588	3,872	29,814	6,050,019	3,994
Closing number of shares	125,000.00	9,576.67	67,366.56	7,090,978.62	12,370.30
Operating Charges (%) ⁷	5.67%	5.67%	5.66%	5.67%	5.66%
Direct transaction cost (%) ⁸	0.00%	0.00%	0.00%	0.00%	0.00%
Prices					
Highest share price ⁹	105.24	59.42	65.04	125.28	47.36
Lowest share price ⁹	71.67	40.43	44.25	85.32	32.29

Notes

1. Calculated as the "Return after operating charges" plus "operating charges".
2. The Operating Charges show the relevant operating expenses for the reporting period, excluding performance fees, expressed by reference to the average number of shares in issue during the period.
3. Calculated as the "closing net asset value per share" minus the "opening net asset value per share".
4. The net asset value per share is different to the published net asset value at 12 noon as a result of additional values which may not have been known, and therefore only estimated at the last pricing point of the period.
5. Total direct transaction costs of purchasing and selling an investment asset expressed by reference to the average of the number of shares in issue at each valuation point during the period. The impact of transaction cost related to the selling of an investment asset was not reduced by dilution levy charged to the redeeming investors where applicable.
6. Calculated as the "return after operating charges" per share divided by the "opening net asset value per share."
7. The Operating Charges show the relevant annualised operating expenses for the reporting period as a single percentage of the average net asset value over the same period and are indicative of costs that are applied on an ongoing basis.
8. The Transaction Charges show the relevant cost of purchasing and selling an investment asset for the reporting period as a single percentage of the average net asset value over the same period. The impact of transaction cost related to the selling of an investment asset was not reduced by dilution levy charged to the redeeming investors where applicable.
9. The highest and lowest price from the published Net Asset Value.

Alternative Investment Fund Manager's Directive

In accordance with the Alternative Investment Fund Manager's Directive (the 'Directive'), the ACD in its capacity as Alternative Investment Fund Manager ('AIFM') is required to disclose specific information in relation to the following aspects of the Company's management:

Leverage and Borrowing

Leverage is defined as any method by which the Company increases its exposure through borrowing or the use of derivatives.

'Exposure' is defined in two ways – 'Gross method' and 'Commitment method' – and the Company must not exceed maximum exposures under both methods.

The ACD is required to calculate and monitor the level of leverage of the Company, expressed as a ratio between the exposure of the Company and its Net Asset Value (Exposure/NAV), under both the Gross method and the Commitment method.

'Gross method' exposure is calculated as the sum of all positions of the Company (both positive and negative), that is, all eligible assets, liabilities and derivatives, including derivatives held for risk reduction purposes.

'Commitment method' exposure is also calculated as the sum of all positions of the Company (both positive and negative), but after netting off derivative and security positions as specified by the Directive.

For the "Gross method", the following has been excluded:

- the value of any cash and cash equivalents which are highly liquid investments held in the local currency of the Company that are readily convertible to a known amount of cash, subject to an insignificant risk of changes in value and which provide a return no greater than the rate of the 3-month high quality government bond;
- cash borrowings that remain in cash or cash equivalents as defined above and where the amounts of that payable are known.

The maximum level of leverage for the Company expressed as a ratio of the Company's total exposure to its Net Asset Value:

- (a) under the Gross method is 1.1:1; and
- (b) under the Commitment method is 1.1:1.

The total amount of leverage calculated as at 28 February 2019 is as follows:

Gross method 1:1;
Commitment method 1.01:1.

Alternative Investment Fund Manager's Directive continued

Liquidity

The Company is managed so that the liquidity profile of the Company is aligned with the requirement to meet redemption requests from Shareholders on each Dealing Day. In normal circumstances, redemption requests will be processed as set out in paragraph 4.5.4 of the Company's Prospectus. However, in exceptional circumstances, if there is insufficient liquidity to meet redemption requests, the ACD may start deferral of redemption requests or may ultimately need to temporarily suspend dealing in the Company.

The ACD has other tools to deal with temporary liquidity constraints in relation to the Company. The Company may, in accordance with provisions of its Prospectus, borrow cash to meet redemptions within the limits stated in paragraph 4.4.

To manage and monitor liquidity risk, the ACD maintains liquidity risk management policies and procedures. The liquidity risk management policies and procedures include the management, implementation and maintaining of appropriate liquidity limits for the Company and periodic stress testing of the liquidity risk of the Company under both normal and exceptional liquidity conditions to ensure that anticipated redemption requests can be met.

Remuneration

The ACD is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under the Directive. The fixed remuneration paid by the ACD to its staff in respect of all funds that it manages in the interim period ended 28 February 2019 was £562,952 and was shared amongst 11 members of staff. All 11 ACD staff members were fully or partially involved in the activities of the Company. The ACD did not pay any variable remuneration. The ACD staff remuneration is established with reference to the market remuneration of each equivalent position and is not linked to the performance of the Company or any other alternative investment fund the ACD is the AIFM of. None of the ACD's staff actions had a material impact on the risk profile of the Company. As at 28 February 2019 the ACD managed 31 funds.

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Interim Financial Statements (Unaudited)

Consolidated Statement of Total Return

For the period ended 28 February 2019

	The Group					
	For the period ended		For the year ended		For the period ended	
	28.02.19	31.05.18	31.05.18	30.11.17	30.11.17	30.11.17
	£000	£000	£000	£000	£000	£000
Income						
Net capital gains/(losses)		(18)		(896)		(220)
Revenue	-		59		-	
Expenses	(141)		(211)		(198)	
Interest payable	-		(13)		(4)	
Net expense before taxation	(141)		(165)		(202)	
Taxation						
Net expense after taxation		(141)		(165)		(202)
Total loss before distributions		(160)		(1,061)		(422)
Finance costs: Distributions		-		-		-
Change in net assets attributable to shareholders		(160)		(1,061)		(422)

Consolidated Statement of Changes in Net Assets Attributable to Shareholders

For the period ended 28 February 2019

	The Group					
	For the period ended		For the year ended		For the period ended	
	28.02.19	31.05.18	31.05.18	30.11.17	30.11.17	30.11.17
	£000	£000	£000	£000	£000	£000
Opening net assets attributable to shareholders		3,731		4,795		4,795
Shareholder transactions						
Amounts receivable on issue of shares	-		-		-	
Amounts payable on cancellation of shares	(21)		(4)		(3)	
Net change from transactions with shareholders		(21)		(4)		(3)
Dilution Levy		-		-		-
Change in net assets attributable to shareholders from investment activities		(160)		(1,061)		(422)
Closing net assets attributable to shareholders		3,550		3,731		4,370

The accompanying notes form an integral part of these interim consolidated financial statements.

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Interim Financial Statements (Unaudited)

Statement of Total Return for the Company

For the period ended 28 February 2019

	The Company					
	For the period ended		For the year ended		For the period ended	
	28.02.19	31.05.18	31.05.18	30.11.17	30.11.17	30.11.17
	£000	£000	£000	£000	£000	£000
Income						
Net capital gains/(losses)		(18)		(998)		(302)
Revenue	-		125		63	
Expenses	(141)		(187)		(183)	
Interest payable	-		-		-	
Net expense before taxation	(141)		(62)		(120)	
Taxation						
Net expense after taxation		(141)		(62)		(120)
Total loss before distributions		(160)		(1,060)		(421)
Finance costs: Distributions						
Change in net assets attributable to unitholders		(160)		(1,060)		(421)

Statement of Changes in Net Assets Attributable to Shareholders of the Company

For the period ended 28 February 2019

	The Company					
	For the period ended		For the year ended		For the period ended	
	28.02.19	31.05.18	31.05.18	30.11.17	30.11.17	30.11.17
	£000	£000	£000	£000	£000	£000
Opening net assets attributable to shareholders		3,731		4,795		4,795
Shareholder transaction						
Amounts receivable on issue of shares	-		-		-	
Amounts payable on cancellation of shares	(21)		(4)		(3)	
Net change from transactions with shareholders		(21)		(4)		(3)
Dilution Levy	-		-		-	
Change in net assets attributable to shareholders from investment activities		(160)		(1,060)		(421)
Closing net assets attributable to shareholders		3,550		3,731		4,370

The accompanying notes form an integral part of these interim consolidated financial statements.

DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1
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Interim Financial Statements (Unaudited)

Consolidated Balance Sheet

as at 28 February 2019

Note	The Group					
	For the period ended		For the year ended		For the period ended	
	28.02.19	31.05.18	31.05.18	30.11.17	30.11.17	30.11.17
	£000	£000	£000	£000	£000	£000
Current Assets						
Investment assets	7	3,536		3,751		4,363
Debtors	9	-		4		3
Cash and bank balances	8	60		50		94
Total current assets		3,596		3,805		4,460
Current Liabilities						
Creditors	10	(46)		(75)		(90)
Total current liabilities		(46)		(75)		(90)
Net assets attributable to shareholders		3,550		3,731		4,370

Balance Sheet of the Company

as at 28 February 2019

Note	The Company					
	For the period ended		For the year ended		For the period ended	
	28.02.19	31.05.18	31.05.18	30.11.17	30.11.17	30.11.17
	£000	£000	£000	£000	£000	£000
Current Assets						
Investment Assets	7	3,536		3,786		2,924
Interest receivable on intercompany loans		-		-		1,471
Debtors	9	-		-		-
Cash and bank balances	8	60		16		56
Total current assets		3,596		3,803		4,452
Current Liabilities						
Creditors	10	(46)		(72)		(82)
Total current liabilities		(46)		(72)		(82)
Net assets attributable to shareholders		3,550		3,731		4,370

The accompanying notes form an integral part of these interim consolidated financial statements.

DMS FCM SALAMANCA GLOBAL PROPERTY FUND 1
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Interim Financial Statements (Unaudited)

Consolidated Statement of Cash Flows

For the period ended 28 February 2019

	Note	The Group			
		For the period ended 28.02.19		For the year ended 31.05.18	For the period ended 30.11.17
		£000	£000	£000	£000
Net cash flows from operating activities	12		(70)	(293)	(212)
Cash flows from investing activities					
Interest received		-		59	-
Net cash flows from investing activities			-	59	-
Cash flows from financing activities					
Net amounts paid on cancellation of shares		(21)		(4)	(3)
Interest paid		-		(13)	(4)
Net cash flows from financing activities			(21)	(17)	(7)
Net (decrease) in cash and bank balances			(91)	(251)	(219)
Effect of exchange rate changes on cash and cash equivalents			98	8	22
Cash and bank balances at the beginning of period			50	291	291
Cash and bank balances at the end of the period			60	50	94

The accompanying notes form an integral part of these interim consolidated financial statements.

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Interim Financial Statements (Unaudited)

Statement of Cash Flows of the Company

For the period ended 28 February 2019

	Note	The Company			
		For the period ended 28.02.19		For the year ended 31.05.18	For the period ended 30.11.17
		£000	£000	£000	£000
Net cash flows from operating activities	12		(71)	(218)	(205)
Cash flows from investing activities					
Interest received		-	-	135	
Net cash flows from investing activities			-	-	135
Cash flows from financing activities					
Net amounts paid on cancellation of shares		(21)	(4)	(3)	
Net cash flows from financing activities		(21)	(4)	(3)	(3)
Net (decrease) in cash and bank balances		(92)	(222)	(73)	
Effect of exchange rate changes on cash and cash equivalents		134	(2)		(110)
Cash and bank balances at the beginning of period		16	239	239	
Cash and bank balances at the end of the period		60	16	56	

The accompanying notes form an integral part of these interim consolidated financial statements.

Notes to the Interim Financial Statements

1. Basis of Preparation

a) Statement of compliance

These are condensed consolidated and Company financial statements prepared in accordance with pronouncements on half-yearly reports as issued by the Accounting Standards Board. These interim accounts do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent published annual consolidated and Company financial statements.

These interim financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and in accordance with the Statement of Recommended Practice “Financial Statements of UK Authorised Funds”, issued by the Investment Association, (the “IA SORP”) in May 2014.

The principal accounting policies are the same as per the annual audited financial statements for the year ended 31 May 2018.

b) Basis of preparation

The interim consolidated and Company financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and have been prepared on a break-up basis.

c) Functional and presentation currency

The interim consolidated and Company financial statements are presented in Great Britain Pound (“GBP”), which is the functional currency of the Company.

d) Basis of consolidation

The interim consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertaking made up to 28 February 2019. Material intra group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. A subsidiary undertaking is an entity over which the Company has the power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

An acquired subsidiary undertaking is subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary undertaking, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary undertaking prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary undertaking are included in the consolidated balance sheet at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Company’s accounting policies.

Baltray Sarl subsidiary was liquidated on 21 December 2018.

Notes to the Interim Financial Statements continued

2. Significant Accounting Policies

a) Basis of valuation of investments

The subsidiary had investments in associates and was also party to joint venture arrangements. In accordance with paragraph 14.4B as per Section 14, Investments in Associates, and paragraph 15.9B as per Section 15, Investments in Joint Ventures of FRS 102, the Company's investments in associates and joint ventures are treated as investments at fair value through profit or loss.

Prior to the liquidation of the Company's subsidiary on 21 December 2018, the shareholding in Ecocil investment was transferred to the Company. The valuation of the Company's investment in Ecocil has been reflected as at 31 May 2018 Ecocil valuation. Changes in the value of investments are included in the consolidated and Company statement of total return and added to or deducted from the brought forward carrying values as appropriate. Further details are disclosed in Note 7 on page 29.

b) Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments, with contractual maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to insignificant changes in value and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

c) Revenue and expenses

Interest is accounted for on an accrual basis using the effective interest method. All expenses, other than those relating to the purchase and sale of investments, are charged against revenue.

d) Taxation

Provision is made for any taxation liability arising in respect of the income recognised in the accounting year. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the interim consolidated financial statements. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

e) Exchange rates

The values of assets and liabilities have been converted into GBP at the exchange rates prevailing at 12:00 noon on the last business day of the period. Transactions denominated in foreign currencies are translated at the rate of exchange prevailing on these dates.

f) Distribution policy

When appropriate the Company distributes any surplus revenue as an accumulation. Distributions are based only on the Company's own revenues.

g) Allocation of income and expenses between different share classes

All income and expenses are recognised in the statement of total return on an accrual basis.

Income and expense as well as realised and unrealised gains and losses are allocated to each share class pro rata to the value of net assets of each class in which the income, expense, gain or loss is recognised.

Notes to the Interim Financial Statements continued

2. Significant Accounting Policies continued

h) Shareholders' funds

All shares issued by the Company provide the investors with the right to require redemption for cash at the value proportionate to the investors' share in the Company's net assets at the redemption date. In accordance with FRS 102, The Financial Reporting Standard ("FRS 102") applicable in the UK and Republic of Ireland, such instruments meet with the definition of puttable instruments. The shares of the Company do not meet the criteria of an equity instrument under FRS 102 and are classified as a financial liability.

i) Currency hedging

The currency exposure of EUR and GBP investors may be hedged to reduce currency risk. Any gains and losses on any hedging are allocated to the relevant share class.

j) New accounting standards not yet adopted

There are no new or amended standards that have not been adopted that have significant impact on the interim consolidated financial statements.

k) Use of estimates and judgements

The preparation of interim financial statements in conformity with FRS 102 and the SORP requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

A key judgement relates to the estimated fair value of the investments. All investments are measured at fair value using underlying property valuations as reported/provided by an independent property surveyor and/or an accountant as appropriate.

l) Going concern

The Company's closure was completed on 18 September 2020, therefore these 28 February 2019 financial statements have been prepared on a break-up basis.

m) Dilution levy

The ACD may require a dilution levy on the purchase and redemption of shares if, in its opinion, the existing shareholders (for purchases) or remaining shareholders (for redemptions) might otherwise be adversely affected. The dilution levy may be charged where the scheme property of a fund is in continual decline or in any case where the ACD is of the opinion that the interests of existing or remaining shareholders require the imposition of a dilution levy.

A Dilution Levy will not be applied where the total value of subscriptions received prior to the dealing date exceeds the total value of redemptions for the relevant dealing point or if in exceptional circumstances the Company has in excess of 25% of its assets in uncommitted cash, no Dilution Levy will be applied.

No dilution levy has been charged during the period ended 28 February 2019 (2017: £Nil).

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Notes to the Interim Financial Statements continued

3. Net Capital Gains/(Losses) On Investments And Foreign Currency Translation

The net capital gains/(losses) on investments and foreign currency translation during the period:

	The Group		
	For the period ended	For the year ended	For the period ended
	28.02.19	31.05.18	30.11.17
	£000	£000	£000
Unrealised gain/(loss) on investments during the period	26	622	1,067
Realised gain/(loss) on investments during the period	(44)	(51)	-
Net foreign currency exchange gains/(losses)	(1)	(1,467)	(1,232)
Impairments	-	-	(54)
Net gains/(losses) on investments and foreign currency translation	(18)	(896)	(220)

	The Company		
	For the period ended	For the year ended	For the period ended
	28.02.19	31.05.18	30.11.17
	£000	£000	£000
Unrealised gains/(losses) on investments during the period	26	(2,129)	(1,269)
Realised gain/(loss) on investments during the period	(44)	-	-
Net foreign currency exchange gains/(losses)	(1)	1,131	967
Net gains/(losses) on investments and foreign currency translation	(18)	(998)	(302)

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Notes to the Interim Financial Statements continued

4. Revenue

	The Group		
	For the period ended	For the year ended	For the period ended
	28.02.19	31.05.18	30.11.17
	£000	£000	£000
Loan interest and dividend income	-	59	-
	-	59	-

	The Company		
	For the period ended	For the year ended	For the period ended
	28.02.19	31.05.18	30.11.17
	£000	£000	£000
Loan interest and dividend income	-	125	-
	-	125	-

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Notes to the Interim Financial Statements continued

5. Expenses

	The Group		
	28.02.19	31.05.18	30.11.17
	£000	£000	£000
ACD			
ACD's service charge	(28)	(116)	(59)
	(28)	(116)	(59)
Depository			
Depository's fees	-	(15)	(15)
	-	(15)	(15)
Other expenses			
Investment advisor's fees	-	(36)	(51)
Investment advisor's performance fees	(8.32)	68	-
Audit fees	(7)	(28)	(14)
Accounting and administration	(19)	(22)	(11)
General fees	(2)	(3)	(4)
Advisory fees	-	-	(7)
Non-audit - tax advisory	1	(5)	(3)
Professional fees	(75)	(25)	(14)
Domiciliation and company secretarial fees	(3)	(4)	(2)
Other taxes	(5)	(9)	(7)
Loan reclassification fees	-	(3)	(10)
Printing and typesetting costs	2	(2)	(1)
Regulatory fees	3	(11)	-
	(113)	(80)	(124)
Total expenses	(141)	(211)	(198)
Interest payable	-	(13)	(4)

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Notes to the Interim Financial Statements continued

5. Expenses continued

	The Company		
	For the period ended	For the year ended	For the period ended
	28.02.19	31.05.18	30.11.17
	£000	£000	£000
ACD			
ACD's service charge	(28)	(116)	(59)
	<u>(28)</u>	<u>(116)</u>	<u>(59)</u>
Depository			
Depository's fees	-	(15)	(15)
	<u>-</u>	<u>(15)</u>	<u>(15)</u>
Other expenses			
Investment advisor's fees	-	(36)	(51)
Investment advisor's performance fees	(8)	60	-
Audit fees	(7)	(28)	(14)
Accounting and administration	(19)	(16)	(8)
General fees	(2)	(3)	(3)
Non-audit - tax advisory	1	(1)	(7)
Professional fees	(75)	(11)	(11)
Domiciliation and company secretarial fees	(3)	-	-
Research and advisory fees	-	-	-
Loan reclassification fees	-	(3)	(10)
Other taxes	(5)	(5)	(3)
Printing and typesetting costs	2	(2)	(1)
Regulatory fees	3	(11)	-
	<u>(113)</u>	<u>(56)</u>	<u>(108)</u>
Total expenses	<u>(141)</u>	<u>(187)</u>	<u>(182)</u>
Interest payable	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Interim Financial Statements continued

5. Expenses continued

ACD's service charge and Fund Accountant fees

The ACD receives an annual management charge for managing the Company at a percentage rate per annum of the value of the property of the Company accruing daily and payable out of the property of the Company. The current percentage rate of the periodic charge is 0.25%.

The ACD will apply a minimum annual fee of £150,000 and will deduct from this fee the charges of the Fund Accountant (10 basis points or £35,000 whichever the higher for the period) and pay this monthly in arrears.

The annual management charges will be treated as an income charge and will be accrued daily and payable monthly in arrears.

Investment advisor's fee

The investment advisor receives 2% p.a. of NAV paid monthly in arrears.

In addition, the investment advisor is entitled to a performance fee of 20% of the net profit (i.e. net = after the deduction of all project related expenses) which is generated by each project subject to a minimum IRR of 12.5% being achieved for the relevant project.

The performance fee on the Company's investment stakes in Premier 4 and 33.2% Salokin that were acquired in a related party transaction from the European Residential Property Fund ("the ERPF") at a discount to their valuation at acquisition is, to avoid any conflicted interest, based on profit measured against the higher valuation at acquisition of these investments instead of the lower investment cost to the Company.

In respect of the Standard B and the Institutional B share classes (which comprise of former ERPF investors who took up the offer to reinvest in the Company in the course of the ERPF's termination), net profit for the purposes of performance fee calculation is measured based on the original cost (and data) of acquisition by the ERPF. This net profit calculation is relevant for the performance fee on Premier 4 and 33.2% of Salokin projects which were acquired by the Company from the ERPF. For all other projects the performance fee for the Standard B and Institutional B share classes is calculated on the same basis as for all other share classes.

Audit fee

The Company's auditor is Grant Thornton UK LLP. The independent auditor is entitled to a fee in accordance with the terms of the audit engagement. The auditor has not expressed an opinion nor have they reviewed the unaudited interim financial statements.

Depositary's fee

As payment for the services it performs, the Depositary is entitled to receive a fee from the Company (plus VAT thereon where applicable).

The remuneration is an annual fee based on the NAV of the Company, and will be 0.05%, subject to a minimum fee of £25,000 per annum. The remuneration is calculated and accrued daily and is paid monthly in advance on the last business day of the month. The rates of the Depositary fee may be increased up to a maximum of 0.20% of the NAV of the Company.

The Depositary is also entitled to receive other fees from the Company related to custody services in accordance with its customary charges.

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Notes to the Interim Financial Statements continued

6. Taxation

	The Group		
	For the period ended	For the year ended	For the period ended
	28.02.19	31.05.18	30.11.17
	£000	£000	£000
Total tax charge for the period	-	-	-
	-	-	-

	The Company		
	For the period ended	For the year ended	For the period ended
	28.02.19	31.05.18	30.11.17
	£000	£000	£000
Total tax charge for the period	-	-	-
	-	-	-

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Notes to the Interim Financial Statements continued

6. Taxation continued

	The Group		
	For the period ended 28.02.19	For the year ended 31.05.18	For the period ended 30.11.17
	£000	£000	£000
Net expense before tax	(141)	(165)	(202)
Total return multiplied by tax rate for authorised funds of 20% (2017: 20%)	(28)	(33)	(40)
Effects of:			
Unused overseas losses	14	16	20
Unused UK tax losses	14	16	20
Current tax charge for the period	<u>-</u>	<u>-</u>	<u>-</u>

	The Company		
	For the period ended 28.02.19	For the year ended 31.05.18	For the period ended 30.11.17
	£000	£000	£000
Net expense before tax	(141)	(62)	(120)
Total return multiplied by tax rate for authorised funds of 20% (2017: 20%)	(28)	(12)	(23)
Effects of:			
Unused overseas losses	28	12	23
Current tax charge for the period	<u>-</u>	<u>-</u>	<u>-</u>

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Notes to the Interim Financial Statements continued

7. Investments

	The Group		
	For the period ended	For the year ended	For the period ended
	28.02.19	31.05.18	30.11.17
	£000	£000	£000
Ecocil Incorporações S.A.	3,536	3,509	4,121
Salokin Ltd.	-	-	-
Premier Four AD	-	241	242
Investments	3,536	3,751	4,363

	The Company		
	For the period ended	For the year ended	For the period ended
	28.02.19	31.05.18	30.11.17
	£000	£000	£000
Ecocil Incorporações S.A.	3,536	3,786	2,924
Investments	3,536	3,786	2,924

Baltray Sarl

As noted in the ACD's report on page 6, on 14 November 2018, the remaining intercompany loans together with the interest accrued on them were repaid to the Company by way of transfer from Baltray Sarl to the Company of its shareholding in Ecocil and Salokin. The residual balance of the intercompany loans and the interest accrued on them remaining after the transfer of Baltray Sarl's shareholding in Ecocil and Salokin to the Company have been converted to Baltray Sarl share premium account. The subsidiary was liquidated on 30 September 2018.

Ecocil Incorporações S.A.

On 9 March 2018, when the closure of RG Salamanca FIP 1 ("the FIP") was completed, the value of the Company's 26.98% holding in the FIP was derived from the value of the FIP's investee company, Ecocil, after deduction of the net liabilities of the FIP. The FIP held 34.3% interest in Ecocil resulting in an indirect overall interest of 9.27% for the Company. The FIP closure on 9 March 2018 resulted in the Company now holding the investment in Ecocil directly.

With effect from 13 November 2018, the Company's direct interest in Ecocil is 7.17%. The Company's shareholding in Ecocil was diluted as a result of the Company's inability to participate in Ecocil's debenture financing due to insufficient liquidity available.

It is May 2018 valuation of Ecocil that has been reflected in these financial statements. The 2018 valuation was used because it provides a more appropriate set of assumptions and reflection of conditions that existed as at 28 February 2019 and therefore the investment's value and because the in-specie distribution of the shareholders into the Jersey Private Fund as a part of the Company's winding-up was to be also effected at this valuation.

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Notes to the Interim Financial Statements continued

8. Cash and Cash Equivalents

	The Group		
	For the period ended	For the year ended	For the period ended
	28.02.19	31.05.18	30.11.17
	£000	£000	£000
Cash balances			
Sterling balances	-	5	5
Euro balances	60	45	72
Brazilian real balances	-	-	17
Total cash and cash equivalents	<u>60</u>	<u>50</u>	<u>94</u>

	The Company		
	For the period ended	For the year ended	For the period ended
	28.02.19	31.05.18	30.11.17
	£000	£000	£000
Cash balances			
Sterling balances	-	5	5
Euro balances	60	11	51
Total cash and cash equivalents	<u>60</u>	<u>16</u>	<u>56</u>

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Notes to the Interim Financial Statements continued

9. Debtors

	The Group		
	For the period ended	For the year ended	For the period ended
	28.02.19	31.05.18	30.11.17
	£000	£000	£000
Due within one year			
Prepaid expenses	-	4	3
Total debtors	<u>-</u>	<u>4</u>	<u>3</u>

	The Company		
	For the period	For the year ended	For the period
	ended 28.02.19	31.05.18	ended 30.11.17
	£000	£000	£000
Due within one year			
Prepaid expenses	-	-	-
Total debtors	<u>-</u>	<u>-</u>	<u>-</u>

10. Creditors

	The Group		
	For the period	For the year ended	For the period
	ended 28.02.19	31.05.18	ended 30.11.17
	£000	£000	£000
Due within one year			
Accruals	(46)	(75)	(90)
Total creditors	<u>(46)</u>	<u>(75)</u>	<u>(90)</u>

	The Company		
	For the period	For the year ended	For the period
	ended 28.02.19	31.05.18	ended 30.11.17
	£000	£000	£000
Due within one year			
Accruals	(46)	(72)	(82)
Total creditors	<u>(46)</u>	<u>(72)</u>	<u>(82)</u>

Notes to the Interim Financial Statements continued

11. Share Capital

When appropriate the Company distributes any surplus revenue as an accumulation. Distributions are based only on the Company's own revenues. There is no accumulation of income or distributions payable for the period as expenses have exceeded income.

During the winding-up of the Company, the ACD has successfully sold or distributed in-specie, as requested by the shareholders, the remaining investment of the Company proportionally to the shareholders' respective interests in the Company. The cash balance held by the Company will be used to settle the winding-up expenses. Any residual cash remaining after the settlement of the winding-up expenses will be distributed to the shareholders proportionally.

Apart from the annual management charge, investment advisor's fee, renewal commission, gains and losses on forward currency contracts and share class set up fees, all other expenses and income are allocated pro rata across share classes according to their NAV.

The currency exposure of Euro and GBP investors may be hedged to reduce currency risk. Gains and losses on any hedging are allocated to the relevant share class.

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Notes to the Interim Financial Statements continued

12. Net Cash Flow From Operating Activities

	The Group		
	For the period ended	For the year ended	For the period ended
	28.02.19	31.05.18	30.11.17
	£000	£000	£000
Total gain/(loss) before distributions	(18)	(1,061)	(422)
Net (gains)/loss on investments	(1)	(622)	(1,067)
Net foreign currency exchange (gains)/losses	(26)	1,467	1,232
Dividend received	-	(59)	-
Interest paid	-	13	4
Decrease/(increase) in debtors	4	(1)	4
Increase/(decrease) in creditors	(29)	(29)	(14)
Net cash flow from operating activities	<u>(70)</u>	<u>(293)</u>	<u>(212)</u>

	The Company		
	For the period	For the year ended	For the period
	ended 28.02.19	31.05.18	ended 30.11.17
	£000	£000	£000
Total gain/(loss) before distributions	(18)	(1,060)	(421)
Net (gains)/loss on investments	(1)	2,129	1,269
Net foreign currency exchange (gains)/losses	(26)	(1,131)	(967)
Dividend received	-	(125)	(63)
Decrease/(increase) in debtors	-	-	-
Increase/(decrease) in creditors	(26)	(32)	(22)
Net cash flow from operating activities	<u>(71)</u>	<u>(218)</u>	<u>(205)</u>

Notes to the Interim Financial Statements continued

13. Contingent Liabilities

There were no contingent liabilities at 28 February 2019.

14. Related Party Transactions

Waystone Management (UK) Limited, the ACD, is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Company. During the period fees of £28,356 (2017: £59,486) were paid to the ACD.

Waystone Management (UK) Limited also acts as principal on all transactions of shares in the Company. The aggregate monies received through subscriptions and paid through redemptions are disclosed in the statement of movements in shareholders' funds.

The Company was advised by FF & P CM Salamanca LLP (Investment Advisor, IA, FF&P CMS"), a joint venture between Salamanca Group Cyprus Ltd ("SGC") and Fleming Family & Partners Capital Management LLP. During the period fees of £Nil (2017: £51,229) were paid to the investment advisor. Performance fees payable for the period were £8,300 (2017: £NIL). The performance fees were payable to the Investment Advisor.

The Company held a 26.98% shareholding in RG SALAMANCA I FUNDO DE INVESTIMENTO EM PARTICIPACOES FIP I ("RG Salamanca FIP I"), that owns 34.34% of Ecocil. FIP I is administered and managed by OLIVEIRA TRUST SERVICER ("Administrator"), and has also retained RG Salamanca Consultoria Empresarial Ltda ("RG Salamanca") as a specialised consultant company to assist the Administrator in the exercise of its functions. RG Salamanca is a subsidiary of SGC.

The Investment Advisor proposed the Ecocil investment to the ACD and the Investment Committee in a letter of recommendation dated 1 December 2008. In the first paragraph of the letter "Related parties", the Investment Advisor clearly discloses the fact that SGC through their stake in RG Salamanca have an active role in managing RG Salamanca FIP I. The letter mentions that neither SGC nor the Investment Advisor will benefit financially from the purchase of the asset in question, other than from the benefits associated with performing their roles as Investment Advisor to the Company and RG Salamanca FIP I respectively. The Investment Advisor has waived their performance fee on this investment to avoid fees on fees for investors. The investment was then discussed at length during the 3 December 2008 IC meeting, and the IC agreed to commit €3.5 million to the deal as recorded in the minutes.

The Company held 33.20% of Salokin. Mermaid Properties Sp. Z.o.o. ("MP"), the developer of the sold building, also owns 3.60% of Salokin. Marcus Bernie is Managing Director of Salamanca Capital Sp. Z.o.o. in Poland and is responsible for managing Salamanca Capital Limited's (wholly owned UK subsidiary of SGC) operations in Poland, including the Company's investment in Salokin. MP is 25.07% owed by Salamanca 11, a Cypriot company that is in turn owned 75% by SGC, and 25% by Marcus Bernie through the UK Company Mabco Consulting Ltd.

Notes to the Interim Financial Statements continued

15. Events After The Reporting Date

Winding-up

Shareholders will be aware that the Company is predominantly invested in a residential developer called Ecocil Incorporações S.A. (“Ecocil”). This company operates in Natal, Brazil, and is generally considered to be one of Brazil’s best residential developers. However, shareholders may also be aware of the material political and economic headwinds experienced throughout Brazil which in recent years have impacted the Brazilian currency and the value of the Company’s holding in Ecocil. Despite some excellent management by Ecocil in difficult recessionary conditions, from the advice received, the ACD believes it will still be a number of years before there is a sustained recovery in the Brazilian economy sufficient to optimise any exit of the Company’s holding in Ecocil.

In such circumstances the ACD would normally wait for a sustained recovery in the market. However, given the Company’s small minority shareholding in Ecocil and the length of time that will be required to dispose of this remaining asset in Brazil as well as the Company’s relatively low liquidity coupled with the ongoing cost structure of both the Company and its sub structures (relative to its size), the ACD has, in consultation with Investment Advisor, been reviewing the future of the Company. With the input of Investment Advisor, and only after consultation with the Company’s Depositary, the ACD has concluded that once other minority investments Premier Four AD and Salokin Ltd are fully exited, it would be no longer in shareholders’ best interests for the Company to remain in operation. This conclusion follows extensive consideration of alternative options for the Company, including its merger to a more appropriate vehicle to hold the Ecocil investment, but unfortunately, no such option has proved workable for all investors.

In the letter issued on 21 September 2018, the ACD informed shareholders of its decision to commence the winding-up of the Company as well as to change the annual accounting period end from 31 May 2019 to 30 November 2019 subject to the completion of the required regulatory process with the FCA. The extension of the accounting period end was requested to combine the usual annual audit with the required winding-up audit of the Company.

The letter to the Institutional Class shareholders has also noted that, where the shareholders requested and the ACD agreed, the ACD would distribute in-specie the remaining investment in Ecocil including any residual cash during the Company’s winding-up process. Should any of the Institutional Class shareholders decide not to take up the in-specie distribution proposal, the ACD would dispose of their proportionate holding in Ecocil.

The Class B shareholders were notified in the letter that before the commencement of the Company’s winding-up the Class B shares will be closed and as a result the holdings in the Class B shares will be redeemed in full. The closure of the Class B share class was completed on 24 October 2018.

The FCA authorised the ACD to commence the winding-up of the Company with effect from 25 October 2018. The Company’s prospectus was subsequently updated to reflect its winding-up state as well as to note the change to the accounting period end.

Notes to the Interim Financial Statements continued

15. Events After The Reporting Date continued

Ecocil 5-Year Strategy Plan

All Ecocil investors have approved the 5-year strategy plan that was proposed by the Investment Advisor and Ecocil management to strengthen the company and ensure its future sustainability and growth. The plan included the proposal for the restructure of the company's debt arrangements and thus sought to raise USD 10m from Ecocil investors by offering a subscription to a debenture with Ecocil warrants attached. Following presentation of the 5-year strategy plan, selected Ecocil investors took up their rights to participate in debenture financing but the Company could not participate due to insufficient liquidity available resulting in a dilution to the Company's shareholding in Ecocil. Therefore, with effect from 13 November 2018 the Company's ownership in Ecocil is 7.17%.

RG Salamanca FIP I Closure

The changes to the Brazilian tax regulation laws that came into effect from 2017 meant that investors would no longer enjoy the reduced withholding tax rate benefits by investing in Ecocil via the FIP funds, i.e. the capital gains on investment value will now be subject to withholding tax with or without the FIP fund in place. The Investment Advisor had therefore initiated the streamlining of the Company's investment into Ecocil by removing the FIP from the sub structure of the Company – an exercise which was completed on 9 March 2018. The closure of the FIP meant that the investment in Ecocil was now held by the Company directly.

Salokin Ltd Rental Guarantees Distribution / Exit from Salokin Ltd

On 8 March 2018, the Company received the last payment of EUR 66,500 in relation to the release of the remaining rental guarantees retention monies pertaining to the sale of Jasna property. As no further investment projects were to be pursued, it was decided by the company's management to close Salokin and Jasna down. The residual cash currently available at both Salokin and Jasna will be used up to settle the companies' outstanding tax liabilities as well as to cover their closure costs. No further distributions are therefore expected to be made to the investors from Salokin or Jasna. The Company's holding in the investment is therefore valued at nil in these financial statements.

A combination of Salokin and Jasna upcoming closures, no further distributions due to the Company as well as the need to close the Company down as soon as possible has led the ACD to take the decision to exit the investment in Salokin. This took place on 5 March 2020 when the Company transferred its shareholding to Mermaid (MCI) Capital Investments Limited.

Premier Four AD Disposal

The Company's investment in Premier Four AD was sold for EUR 275,000 on 13 September 2018.

Baltray Sarl Closure

The Company's subsidiary Baltray Sarl was closed on 21 December 2018. Before the subsidiary's closure was completed, on 14 November 2018, the shareholding held by Baltray Sarl in the remaining Ecocil and Salokin investments was transferred to the Company. This transfer was arranged against the repayment of the remaining intercompany loans and the interest accrued on them. The residual balance of the intercompany loans and the interest accrued on them remaining after the transfer of shareholding in Ecocil and Salokin to the Company was converted to Baltray Sarl share premium account.

Notes to the Interim Financial Statements continued

15. Events After The Reporting Date continued

Ecocil In-specie Distribution into a Jersey Private Fund

The Investment Advisor has identified and launched a vehicle, a limited partnership in the form of a Jersey Private Fund, that is able to hold Ecocil shares for the Company's shareholders as well as for other external Ecocil investors opting for the in-specie distribution of Ecocil shares for a period of years at much reduced cost.

The first and the second in-specie transfers to the Jersey Private Fund involving the move of the other external investors in Ecocil were completed on 18 March 2019 and 15 October 2019, respectively.

The Company shareholders' in-specie transfer, who opted in for the in-specie distribution, was completed on 25 February 2020. The three remaining shareholders in the Company exited the Company by way of a shareholding transfer on 11 September 2020. The Company's last investor, who their shareholding was transferred to, opted for an in-specie transfer to the Jersey Private Fund on 18 September 2020 marking the completion of the Company's closure.